

WAIWERA GROUP LIMITED (IN LIQUIDATION)

LIQUIDATORS' FIRST REPORT TO CREDITORS AND SHAREHOLDERS Pursuant to Section 255(2)(c) of the Companies Act 1993

1. INTRODUCTION

Waiwera Group Limited (In Liquidation) ("the Company") was placed into liquidation on 25 October 2019 at 10.41am by special resolution of the shareholder as executed by the Official Assignee in the bankruptcy of the property of Mikhail Khimich pursuant to Section 241(2)(a) of the Companies Act 1993 ("the Act"). Tony Leonard Maginness and Jared Waiata Booth ("the Liquidators"), CAANZ Accredited Insolvency Practitioners (NZ), were appointed joint and several liquidators of the Company.

The Liquidators hereby report to creditors and shareholders of the Company in accordance with section 255(2)(c) of the Act.

2. RESTRICTIONS

Whilst all care and attention has been taken in compiling this report, the Liquidators, Baker Tilly Staples Rodway Auckland Limited ("Baker Tilly Staples Rodway"), its employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light of any information existing at the date of this report which becomes known to them after that date.

3. ATTACHMENTS

The following documents are included in this Report:

Appendix A: Schedule of Creditors;
Appendix B: Notice to Creditors to Prove Debts or Claims;
Appendix C: Notice of Decision to Dispense with Meeting of Creditors;
Appendix D: Declaration of Independence, Relevant Relations and Indemnities;
Appendix E: Remuneration Report;
Appendix F: Creditor's Claim Form.

4. BACKGROUND

Date of Incorporation:	27 May 2011
Company Number:	3402275
Business:	Investment
Trading Address:	21 Waiwera Road, Waiwera, Auckland 0950
Director:	Mikhail Khimich

Share Capital:	5,100 shares
Shareholder:	Mikhail Khimich
Associated Companies:	Waiwera Thermal Resort Limited (In Liquidation) Waiwera Water New Zealand Limited (In Liquidation) Waiwera Global Limited (In Liquidation)

The Company held investment interests in various companies, including Waiwera Organic Winery Limited, Waiwera Thermal Resort Limited (In Liquidation), Waiwera Global Limited (In Liquidation) and Waiwera Water New Zealand Limited (In Liquidation).

Mikhail Khimich, the sole director and shareholder of the Company, was adjudicated bankrupt on 8 October 2019 by order of the High Court at Wellington.

5. STATEMENT OF FINANCIAL POSITION

Insufficient information is currently held by the Liquidators at the date of this report to produce a statement of financial position for the Company.

According to information currently available to the Liquidators, assets of the Company are comprised of loans and shares, with the primary creditor being the bankruptcy estate of Mikhail Khimich.

6. PROPOSALS FOR CONDUCTING THE LIQUIDATION

6.1. Actions Taken To Date

The Liquidators have taken steps to secure the books and records of the Company and have commenced their review of the same.

Bank accounts held by the Company have been frozen.

6.2. Proposals for Conducting the Liquidation

The Liquidators will realise all available assets, and will conduct an investigation into the Company's books, records and affairs to:

- confirm that all assets have been properly accounted for and secured;
- determine whether there are any other avenues of recovery;
- determine whether the Company's officers have complied with their duties and taken appropriate steps where necessary.

If you are aware of any party who may be interested in purchasing any of the assets, or if you have any information that may be relevant to the Liquidators' investigations, please contact the Liquidators urgently.

7. LIABILITIES AND CREDITORS CLAIMS

A schedule of all known creditors and their addresses is included at Appendix A as required by Section 255(2)(c) of the Act.

A notice to creditors to prove debts or claims is included at Appendix B. Also included is a creditor claim form for completion and return to this office by 6 December 2019. Creditors who have not made a claim by the date on the notice may be excluded from any distribution made. If you believe that you are a secured creditor please contact us and the appropriate form will be sent to you.

As at the date of this Liquidation no parties had registered security interests against the Company on the PPSR.

Should any creditor believe that they are entitled to the return of any item(s), or to the proceeds from the realisation of such item(s), due to holding a Purchase Money Security Interest or a Reservation of Title clause, they should contact the Liquidators immediately.

8. CREDITORS' MEETING / LIQUIDATION COMMITTEE

A notice of the Liquidators' decision to dispense with a meeting of creditors is included at Appendix C. This decision has been made having regard to the assets and liabilities of the Company and the likely outcome of the liquidation. However, the Liquidators do not wish to preclude creditors from expressing any views which they may have and accordingly invite calls from any interested parties which may constructively assist with their administering the liquidation process.

Pursuant to sections 258 and 314 of the Act, creditors may at any time in the course of the liquidation, call a meeting of creditors including for the purpose of appointing a liquidation committee.

9. ESTIMATED DATE OF COMPLETION

It is currently too early to estimate a date of completion for this liquidation.



10. FURTHER INFORMATION AND CONTACT DETAILS

Pursuant to sections 255(2)(d) and 257(1)(a) of the Act, the Liquidators will issue a report to creditors and shareholders on the conduct of the liquidation and on future proposals on a six monthly basis, and upon the completion of the liquidation. If any creditor or shareholder wishes to receive these reports by email as and when they are published, please ensure that an email address is provided on the creditor claim form. These reports will also be available on the Companies Office website (www.companies.govt.nz).

Enquiries and information that would assist the Liquidators should be directed to:

Name:	Phil Amatt
Email:	phil.amatt@bakertillysr.nz
Phone:	09 968 9157
Address (Post):	C/- Baker Tilly Staples Rodway, PO Box 3899, Auckland 1140

Dated: 6 November 2019


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T L MAGINNESS
LIQUIDATOR
.....
J W BOOTH
LIQUIDATOR

APPENDIX A**SCHEDULE OF CREDITORS**
Pursuant to Section 255(2)(c)(i) of the Companies Act 1993

Name	Address	Address	Address
Inland Revenue Department	P O Box 39010	Wellington Mail Centre	Lower Hutt 5045
Hudson Gavin Martin	PO Box 105-900	Auckland 1143	
Mikhail Khimich	C/- Official Assignee	Private Bag 4714	Christchurch 8140
David L Marriott, Barrister	PO Box 5884	Wellesley Street	Auckland
Chempro	PO Box 3983	Shortland Street	Auckland

APPENDIX D

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES ("DIRRI")

Waiwera Group Limited (In Liquidation) ("the Company")

BACKGROUND

CAANZ Accredited Insolvency Practitioners (NZ) appointed to an insolvent entity are required to make declarations as to:

1. Their independence generally;
2. Relationships, including:
 - a. the circumstances of the appointment;
 - b. any relationships with the company and others within the previous 24 months;
 - c. any prior professional services for the company within the previous 24 months;
 - d. that there are no other relationships to declare; and
3. Any indemnities given, or upfront payments made, to the Practitioner.

This declaration is made in respect of myself, my partners and the firm Baker Tilly Baker Tilly Staples Rodway Auckland Limited ("Baker Tilly Staples Rodway").

1. INDEPENDENCE

We, Tony Leonard Maginness and Jared Waiata Booth of the firm Baker Tilly Staples Rodway have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as liquidators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

2. DECLARATION OF RELATIONSHIPS

Circumstance of appointment

We were appointed as liquidators of the Company on 25 October 2019 by special resolution of the shareholder as executed by the Official Assignee in the bankruptcy of the property of Mikhail Khimich pursuant to Section 241(2)(a) of the Companies Act 1993 ("the Act"). The shareholder resolution was provided to the Official Assignee for execution on 24 October 2019.

Mikhail Khimich, the sole shareholder of the Company, was adjudicated bankrupt on 8 October 2019 by order of the High Court at Wellington.

Prior professional services to the Company

Neither we, nor our firm, has provided any professional services to the Company in the previous 24 months.

Relevant Relationships (excluding Professional Services to the Company)

We are the Liquidators of three related companies:

- Waiwera Thermal Resort Limited (In Liquidation): we were appointed as liquidators of this company on 15 February 2019 by order of the High Court at Auckland upon the application of Bidfood Limited.
- Waiwera Global Limited (In Liquidation): we were appointed as liquidators of this company on 17 May 2019 by order of the High Court at Auckland upon the application of ASB Bank Limited.
- Waiwera Water New Zealand Limited (In Liquidation): we were appointed as liquidators of this company on 17 May 2019 upon the application of BOC Limited.

We believe that this relationship does not result in a conflict of interest or duty because:

- The companies shared common management, trading premises and computer records. For this reason, the appointments can be conducted more efficiently by one practitioner.
- The concurrent appointment can result in costs savings, data sharing and a more complete and accurate picture of the companies' examinable affairs.

There are no other known relevant relationships, including personal, business and professional, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity which is entitled to enforce a security interest in the whole, or substantially the whole, of the Company's property that should be disclosed.

No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity which is entitled to enforce a security interest in the whole, or substantially the whole, of the Company's property that should be disclosed.

3. INDEMNITIES AND UPFRONT PAYMENTS

We have not been indemnified in relation to this liquidation and we have not received any upfront payments in respect of our remuneration or disbursements.

This does not include statutory indemnities.

Dated: 6 November 2019



.....
T L MAGINNESS
LIQUIDATOR



.....
J W BOOTH
LIQUIDATOR

Notes:

1. If circumstances change, or new information is identified, we are required under the Code of Conduct for Accredited Insolvency Practitioners (CAANZ / RITANZ) to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.

2. Any relationships, indemnities or upfront payments disclosed in the DIRRI must not be such that the Insolvency Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Insolvency Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Insolvency Practitioner nevertheless remains independent.
3. The presentation of the above information is in accordance with the format suggested with the Code of Conduct for Accredited Insolvency Practitioners (CAANZ / RITANZ).

APPENDIX E

REMUNERATION REPORT

Waiwera Group Limited (In Liquidation) ("the Company")

Qualifications

Tony Maginness, a Director at Baker Tilly Staples Rodway Auckland Limited ("Baker Tilly Staples Rodway"), is a CAANZ Accredited Insolvency Practitioner (NZ), with over 10 years of experience in insolvency assignments.

Jared Booth, an Associate Director at Baker Tilly Staples Rodway, is a CAANZ Accredited Insolvency Practitioner (NZ) and Chartered Accountant, with over 15 years of local and international experience in insolvency assignments and special purpose investigation assignments.

Both Liquidators have worked across a wide range of entity types and industries, and they currently act as the liquidations of Waiwera Thermal Resort Limited (In Liquidation), Waiwera Water New Zealand Limited (In Liquidation) and Waiwera Global Limited (In Liquidation), three associated companies.

Baker Tilly Staples Rodway provides business advisory services nationwide from 7 locations in New Zealand and with over 460 staff. Services include accounting, audit and assurance, business advice, business recovery and insolvency, business valuations, corporate finance, expert evidence, financial modelling, governance, human resources, information technology and taxation. Baker Tilly Staples Rodway also provides international and cross border services through our membership of Baker Tilly International.

Remuneration

Under the Companies Act 1993 and the Code of Conduct for Accredited Insolvency Practitioners (CAANZ / RITANZ), a liquidator is entitled to claim reasonable remuneration, disbursements and costs in respect of necessary work, properly performed in the administration of the liquidation.

The work performed in the administration of a liquidation is determined by:

- The statutory duties and regulations imposed on a liquidator;
- The level of investigations carried out by the liquidator;
- The type and complexity of assets in the liquidation and their method of realisation;
- The type and complexity of legal action to be undertaken by the liquidator;
- The complexity of creditor claims and distributions in the liquidation.

There are 4 primary options available by which a liquidator's remuneration can be calculated, which are:

1. Time Based Charging: This is where a liquidator's remuneration is based on the nominated hourly rate charged by each person who carried out the work, multiplied by the number of hours (or portion thereof) spent by each person on the work performed.
2. Fixed Fee Charging: This is where a liquidator completes a liquidation for a fixed level of remuneration, which is normally quoted and set at the commencement of the liquidation.
3. Percentage Charging: This is where a liquidator's remuneration is based upon a nominated percentage of each nominated category of potential asset realisation, provided that there are sufficient funds available to meet higher-ranking priority debts.
4. Contingency Arrangement Charging: This is where a liquidator's remuneration is contingent on a previously agreed outcome being achieved.

Having regard to the nature of work involved in this liquidation, the remuneration charged by the Liquidators will be based on the time based charging method. This has been chosen for the following reasons:

- Payment will only be made for work done, subject to sufficient realisations of the Company's assets.
- Time will only be charged for work that is performed. It will be recorded and charged in 6 minute increments and allocated to and performed by staff according to their relevant experience and qualifications.
- When distributing funds to a creditor, a liquidator is required to take into account a creditor's priority to each asset realised (for example, stock) under the Companies Act 1993, the Personal Property Securities Act 1993 and other relevant legislation, as well the liquidator's remuneration, disbursements and costs in realising that asset.
- A number of tasks that are required to be performed, such as the issue of the liquidators' first report, do not relate directly to the realisation of assets.
- It is not possible to estimate with certainty the total amount of time, and therefore the total fee that will be charged, that is necessary to complete all tasks required in the liquidation.

The standard hourly rates charged by the Liquidators for their remuneration are as follows (excluding GST):

Liquidators/Directors:	\$430 to \$480 per hour
Insolvency Staff:	\$185 to \$320 per hour
Administration:	\$165 to \$185 per hour

Disbursements

Disbursements incurred in a liquidation may be categorised as follows:

- External non-professional costs: These relate to costs incurred by a liquidator when carrying out their work and are recovered at cost. Examples of this type of disbursement include advertising and travel expenses.
- Internal disbursements: This includes expenses such as telephone calls, photocopying and printing, and are generally recovered at cost. The charging of these costs is based upon a rate which recoups both fixed and variable costs. The recovery of these costs is made on a fair and reasonable commercial basis.

The other costs of a liquidation will dependent upon the nature of the liquidation and the assets being realised, and may include, for example, legal fees, real estate agents commission, and auctioneer fees. These are recovered at cost in the liquidation.

Further Reporting on Remuneration, Disbursements and Costs

The Liquidators will disclose further detailed information to creditors and shareholders on remuneration, disbursements and costs charged for the administration of the liquidation on a six monthly basis and at the end of the liquidation pursuant to the Code of Conduct for Accredited Insolvency Practitioners and sections 255 and 257 of the Companies Act 1993.

Appendix F

Baker Tilly Staples Rodway Auckland Limited
Level 9, 45 Queen Street, Auckland 1010
PO Box 3899, Auckland 1140
New Zealand

T: + 64 9 309 0463
F: + 64 9 309 4544
E: auckland@bakertillysr.nz
W: www.bakertillysr.nz



STAPLES RODWAY

CREDITOR'S CLAIM: Section 304(1) Companies Act 1993

NAME AND POSTAL ADDRESS OF CREDITOR IN FULL		* Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993. This information will be used and retained by the Liquidators and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993. Under Section 304(1) of the Companies Act 1993 any claim by an unsecured creditor against a company in liquidation must be in this prescribed form and must (a) Contain full particulars of the claim; and (b) Identify any documents that evidence or substantiate the claim. You may have access to and request correction of any personal information. (*Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993.)	
Telephone Number: () Email: My Reference is: (if applicable)			
NAME OF COMPANY IN LIQUIDATION: <div>(In Liquidation)</div> I <i>(if claim is made on behalf of creditor, specify relationship to creditor and authority)</i> claim that the company was at the date it was put into liquidation indebted to the abovenamed creditor for the sum of <i>(Amount in words and figures)</i> : 			
STATUS OF CLAIM:			
1. I am an unsecured creditor for		NZ\$	
2. I am a preferential creditor for (Seventh Schedule of the Companies Act 1993)		NZ\$	
3. My total claim is for (state currency if other than NZ\$) Other Currency		NZ\$	
4. I am a secured creditor and hold security for the amount claimed		Tick if Applicable <input type="checkbox"/>	
Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form. The liquidator may require the production of a document under Section 304(2) of the Companies Act 1993.			
SIGNED:		Date: / /	
WARNING -		It is an offence under Section 304(6) of the Companies Act to – Make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.	
Received (Date Stamp)	RESERVED FOR OFFICE USE:		
	Claim admitted/rejected for voting purposes: (Delete one)	Signed:	Date: / /
	CLAIM REJECTED FOR PAYMENT:	Signed:	Date: / /
	or CLAIM ADMITTED FOR PAYMENT:		
	Preferential Claim for:	Ordinary Claim for:	Deferred Claim for:
	\$	\$	\$
Signed Liquidator:			
		Dated:	

PARTICULARS OF CLAIM

Where the claim includes goods supplied by the creditor to the company under a Retention of the Title clause, please give full details including a description of the goods and their value.

If the creditor owes money to the company, please give full details.

Date	Details of Claim and Identification of Documents that Evidence or Substantiate the Claim	Amount \$

PREFERENTIAL CLAIMANTS

The Seventh Schedule of the Companies Act 1993 sets out those claims which are recorded as preferential and shows their extent and order of priority.

If applicable please record here your GST Registration number: _____

And total GST included in your claim: \$ _____